

# **Mayor Joyce Craig FY22 Budget Address**

**Delivered March 30, 2021**





# City of Manchester

## Mayor Joyce Craig

Thank you for joining me this evening.

Last year, I presented the city's proposed budget remotely from my home, as we were just beginning to experience the COVID-19 pandemic that has since upended the lives of people across our city, our state, our country and the world.

Throughout our history, Manchester has faced immense challenges. And, this past year was no different.

We've lost loved ones and we've been separated from family and friends. Business owners have felt the seemingly endless anxiety of what the future may hold. And parents, students and educators have had to adapt to a new way of learning.

But despite all of this, our community stepped up. From residents raising money for front line workers, to non-profits working to ensure students had access to food, to friends organizing neighborhood clean-ups -- our city was there for each other.

And relief is on the way with the American Rescue Plan. In addition to direct payments from the Federal Government for qualified individuals, relief for small businesses, emergency funds for hospitals and more, the City of Manchester will receive approximately \$44 million over the next two years to further help our city recover from the devastating effects of COVID-19.

Amid all of this, our city is moving forward and crafting solutions to the challenges we face. I'm grateful for the perseverance Manchester has shown over the past year, and know brighter days are ahead.

I want to start by thanking Sharon Wickens and Michele Bogardus from Finance, Leon Lafreniere and Todd Fleming from Planning and Community Development, Matt Normand, City Clerk, and Dr. John Goldhardt and Karen Defrancis from the School District, for their guidance and assistance in developing this budget. I also want to thank all of our hard-working department heads for their dedication and leadership in working through this budget process. And finally, I want to thank our city and school district employees for always going above and beyond to serve the residents of Manchester.

In the past year, our community was negatively impacted by situations out of our control. But, we now have the ability to rebuild, and rebuild in a way that provides solid outcomes for our city. The FY22 budget proposal I am presenting tonight works to help our community recover from the impacts of COVID-19 and helps set us up to thrive post-pandemic.

But let me be clear, this budget is a start. After tonight, I am committed to working with the Aldermen to explore new revenue opportunities and find creative solutions to ensure the needs of our city are met, while also keeping taxes low.

In the past fiscal year, thanks to the hard work and dedication of our department heads, we've been able to minimize spending while still providing essential city services. We did this by implementing a hiring and spending freeze, holding vacancies and reallocating resources. As a result of sound fiscal management, we currently have a \$1.843 million surplus on the city side.

However, in FY22 we are legally obligated to cover a significant increase in pension costs, totaling more than \$4 million. To put this into perspective, in FY21 we allocated an increase of \$515,000 for state pension costs and this year, we're allocating more than 4 times that amount. And for city pensions, we allocated an increase of \$223,367 in FY21 and this year we're allocating more than 8 times that amount.

As a reminder, when the State brought local communities into the State pension system, they promised to pay 35% of pension costs. That promise was broken. I, along with every mayor in New Hampshire have urged the State to stop downshifting their costs onto the backs of local taxpayers. If the State were to pay their promised 35% of state retirement costs, Manchester would save approximately \$5 million in FY22 alone.

While the financial impacts of COVID-19 and increased downshifting from the State present new challenges, as a result of solid fiscal management, the budget I'm presenting is balanced and adheres to the tax cap of 1.87%. This equates to an increase in property tax revenues of \$4.2 million -- approximately \$2.2 million of which is allocated to the City and \$2 million is allocated to the Manchester School District.

Since March of last year, our students and educators have had to adjust and adapt to an ever-changing world. And despite the hardships brought about by the pandemic, learning has not stopped. My daughter attends Central High School, so I've seen firsthand how difficult remote learning has been on our students, teachers and parents. And I'm thrilled we're now in a place where we are able to safely bring our kids back to school.

The charter compliant school district budget request is \$173.1 million, which is appropriated in this budget. While I gave the District the most funds allowed under the tax cap, it still reflects a decrease in their overall operating budget because state revenues have decreased by \$11.9 million.

However, this budget covers current programming and staff, and funds the collective bargaining agreements. In addition, with the use of grants, it allocates funds to deliver vital services to meet the academic, social, emotional and physical needs of our students while maintaining current class size.



This budget expands use of a new reading program that supports our newly-adopted curriculum and helps meet our goal of all students reading at grade level by the third grade. This new reading program will integrate all the way down to pre-K, the first time the District has had a focused reading program start at that level.

It also continues investments in essential professional development, giving staff the tools they need to meet the academic, behavioral and social-emotional needs of each individual student.

In addition, the District's budget makes significant investments to ensure our school buildings are safe for students and educators to return to full-time, in-person learning, and continues to fund improved ventilation and PPE. It also includes plans to utilize grant funding to replace air handlers across the District.

The School District's budget also outlines potential uses of one-time grant funding -- including approximately \$26 million in ESSER funds, and millions more on the way through the American Rescue Plan. This includes technology advancements, curriculum adoption, literacy and math interventions, and adding additional outdoor areas for students at our schools.

This budget also includes \$4.7 million in bonding for Capital Improvement Projects (CIP), previously approved by the Board of School Committee. The proposed CIP projects are as follows:

- \$575,000 for the purchase of five school buses
- \$3 million for deferred maintenance projects in our schools
- \$250,000 for deferred maintenance projects on school grounds and athletic fields such as retaining walls, basketball courts and hoops, and bleachers
- \$500,000 for school parking lot rehabilitation
- \$150,000 for new landscaping and irrigation
- And \$300,000 for playground replacements

This summer, we also have plans to break ground on a new playground at Green Acres Elementary School, thanks to the Wesley's Way Foundation, in loving memory of Wesley Belisle.

Through these investments, as well as the continued partnership with Manchester Proud, we'll continue to strengthen our schools by raising the bar and lowering the barriers for our students.

My FY22 budget includes a \$2.2 million increase to the City.

As I mentioned previously, because of our sound fiscal management, we currently have a surplus of \$1.843 million. While COVID-19 has caused a decrease in revenues in FY21, primarily in parking, building permits and interest income, in FY22 we anticipate an increase in activities and revenues across city departments. Therefore, I've utilized funds from the American Rescue Plan to supplement lost revenues from FY21 and FY22, restoring them to FY19 levels.

The Board of Mayor and Aldermen have worked hard to ensure the City has sufficient funds in our reserve accounts to address unexpected expenses and preserve the city's excellent AA credit rating. Even amid this pandemic, that is placing enormous budget pressure on cities across the country, we did not use funds from our reserve accounts.

This budget includes steps and longevity for city employees, covers existing collective bargaining agreements and makes sound strategic investments in our city thanks in large part to the leadership in our city departments.

I am proud of the work our departments have accomplished throughout this pandemic, and want to start by recognizing the outstanding work of the Public Health Department, led by Director Anna Thomas. In the past year, Director Thomas and her team have investigated over 10,000 cases of COVID-19 among Manchester residents, and alongside the Fire Department, ran weekly mobile community-based testing clinics for our residents. They also established the COVID-19 hotline, distributed winter care kits to individuals experiencing homelessness, brought on additional community health workers focused on providing culturally responsive care, and more.

Yet, it's important to note the Health Department's budget may not be sustainable long term. In fact, 60% of their budget is composed of outside grants. While I commend the Health Department for their hard work in offsetting costs, and I encourage them to continue, we as a City need to be prepared in the event that any of these funding sources decrease. Last year, I began the practice of allocating funds to a Health Department Reserve. While I'm not able to allocate money in this budget, I urge the Aldermen to do so.

In FY21, our Public Works Department, led by Kevin Sheppard, had to do more with less -- operating with a fraction of their seasonal employees than in years past. This budget reinstates all of the Department's seasonal employees, meaning we'll have staff to open the pools, maintain the Derryfield Golf course, run Fun in the Sun, and continue to maintain our parks and cemeteries.

I've also worked with Director Sheppard to identify \$69,000 from his FY21 budget to reinstate the weekly yard waste pick-up schedule through the end of June. However, due to the increase in costs associated with the Pinard Waste Systems contract, the Aldermen will need to identify \$161,000 to the FY22 budget to continue weekly pick-up.

This year, Bob Gagne and the Assessors Office, will lead our revaluation, where tax base changes will include additions, reductions, and all values are reset to 100% of the market. As we begin our 2021 revaluation, the Assessors Office estimates a tax base increase of approximately \$3.4 billion -- meaning the tax rate will decrease from \$24.66 to approximately \$18.10. As a result, on average, it's estimated property values in Manchester, for both commercial and residential, will increase. For many people across the city, our property is our biggest asset. And with property values increasing, our investments are as well, while continuing to build equity in a thriving housing market.

Multiple departments are realizing savings in FY22 through retirements and cost-saving measures, including Human Resources, Welfare, the Manchester City Library and Senior Services. This budget also shows cost savings in moving the Office of Youth Services into space at the West Side Library, eliminating their current rental payments and reducing operating costs.

The safety of people in our city is our top priority. As a result, this budget makes improvements to help increase the safety of residents, visitors and city employees.

Our Police Department, led by Chief Al Aldenberg, is working diligently to keep our community safe. This budget leverages the COPS grant and adds 10 new police officers to the Manchester Police Department, resulting in the largest complement we've ever had. In addition, MPD revamped their annual training program, going from 8 hours to 40 hours, while also realizing cost savings. This includes additional training on use of force, implicit bias, cultural responsiveness, and ethics. We're also working to make our police department more accessible, and in FY21, we allocated funds to add a police substation in Veterans Park. In addition, thanks to a partnership with Dean Kamen, we now have an additional substation in Arms Park, at no cost to local taxpayers.

The men and women of the Manchester Fire Department, under the leadership of Chief Dan Goonan, have continued their work fighting fires, assisting with the opioid epidemic, and partnering with the Health Department at testing and vaccination sites. Chief Goonan has worked to strategically expand upon the Fire Department's work, receiving more than \$1.3 million in grant funds to obtain emergency materials, fund a coordinated outreach team, implement additional training for Fire Department staff, and more. In addition, by utilizing federal funds, we now have a Director of Homelessness Initiatives, who will be the City's primary point of contact for our non-profits and the business community, and will coordinate initiatives to help those living unhoused. As many of you know, Chief Goonan recently announced his retirement. I'd like to thank him for all he's done for Manchester -- caring for our most vulnerable residents and in turn, redefining what it means to be a Fire Chief. I wish he and his family all the best.

While this budget accomplishes many things, there are some shortfalls.

This budget does not include funding for expiring collective bargaining agreements, summer concerts, and membership to the Southern New Hampshire Planning Commission and the New Hampshire Municipal Association. It also does not allocate funds to reinstate an Office of Economic Development, a vital resource for our community and something the largest city in the state should have. This budget level-funds health insurance, adds a little over \$100,000 for contingency and allocates \$935,000 to severance.

Per the city charter, I've allocated one-third of the anticipated year end surplus to our severance reserve, one-third to the rainy day fund, and applied one-third to the tax rate. As a result of the State's downshifting of pension costs, I'm unable to adequately fund severance. In order to adequately fund the severance reserve, I encourage the Aldermen to vote, as they've done in the past, to allocate two-thirds of surplus to severance and one-third to the tax rate.

This budget also includes \$11.2 million of bonding on the city side.

In a year where residents spent more time enjoying our local green spaces, trails and parks, this budget allocates funds to expand those public spaces and quality of life amenities.

I'm proposing to bond the construction of the Canal Street Park and History Walk, beginning on the corner of Canal and Granite Streets. This budget also includes \$1.4 million for expansion of the Riverwalk and Heritage Trail, repairs to Livingston Pool, playground replacement across the city and more. I've also included \$500,000 for deferred maintenance at Valley Cemetery, the first time in decades the City has made a significant investment to this historic location. I want to recognize and thank all of the dedicated volunteers with Friends of the Valley Cemetery who have spent countless hours cleaning, clearing and restoring Valley Cemetery.

Through the Municipal Mechanical Equipment Replacement (MER) program, we're bonding \$3.1 million to replace vehicles at the Public Works, Police and Fire Departments, as well as purchasing specialized tools and training for mechanics.

This budget bonds \$4.5 million to address 13.8 miles of roads, along with 30 miles of crack sealing citywide, resulting in 43.8 miles of streets scheduled to receive some type of surface treatment.

Last year for the first time, we allocated funds to improve city sidewalks and in this budget, I've allocated \$1 million. We'll be utilizing the Sidewalk Conditions Assessment to prioritize repairs for city sidewalks, school sidewalks, and making more sidewalks ADA compliant. And we'll continue with the popular 50/50 residential sidewalk replacement program. These continued investments in mobility improvements will help to create a more walkable city.

The City of Manchester receives federal funding to allocate toward specific criteria. This comes from three sources, Community Development Block Grants (CDBG), HOME funds, and Emergency Solutions (ESG) -- all of which have restrictions on how the federal funds can be used. Collectively, in FY22, there's \$3.6 million available to fund requests.

Projects within city departments using CDBG federal funds include, but are not limited to:

- The continuation of the City's Concentrated Code Enforcement Program to improve housing conditions in rental properties
- Demolition of buildings that pose a threat to public health and safety
- A targeted area Police Officer

\$760,600 in CDBG federal funds will go toward funding a wide variety of programs focused on helping youth in the city, including Big Brothers Big Sisters of NH, Girls Inc, the Palace Theatre, Salvation Army, the Boys and Girls Club, the Granite YMCA and Girls at Work.

Throughout our country, our state, and our city, we're grappling with issues associated with affordable housing and homelessness. In fact, we're facing the most challenging housing environment in decades. Through ESG and HOME funds I'm allocating approximately \$1.12 million in federal funds to address these issues through organizations such as Families in Transition, Waypoint, and The Way Home.

These projects include:

- Rental assistance to help homeless and/or very low-income tenants secure and remain in safe and sanitary affordable housing
- Financing the development of affordable housing opportunities
- Rapid rehousing for homeless and at-risk families
- Homelessness prevention services
- And emergency shelter for homeless individuals and families

Manchester is a community with boundless potential. In the last year, we've endured challenges some of us never thought possible.

But when problems arose, our city got to work. Today, there's hope of bringing this pandemic under control, thanks in large part to the resiliency of our residents. But, we must remember to remain vigilant and follow safety guidelines.

With this budget, we are beginning to rebuild. There's more work to do, and I know by working together, we can recover from COVID-19 and continue to build a solid foundation for our city.

Stay safe, and be well.

Thank you.